

Message Text

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ACTION IO-14

INFO OCT-01 AF-10 ISO-00 IOE-00 OIC-02 ARA-14 EA-12

EUR-12 NEA-10 SSO-00 NSCE-00 USIE-00 INRE-00

AGRE-00 AID-05 CEQ-01 CIAE-00 ERDA-07 COME-00

DODE-00 EB-08 EPA-04 INR-07 L-03 NSF-02 NSAE-00

PM-05 OES-07 SS-15 SP-02 FEAE-00 INT-05 ERDE-00

TRSE-00 OMB-01 /147 W

-----026190 011847Z /45

O 011456Z SEP 77

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC IMMEDIATE 1027

UNCLAS SECTION 1 OF 2 NAIROBI 11312/1

FROM USDEL

E.O. 11652: N/A

TAGS: OCON, UN, SENV

SUBJECT: UN DESERTIFICATION CONFERENCE -- FINANCIAL ARRANGEMENTS

1. FOLLOWING ARE SELECTED PORTIONS OF SEC-GEN TOLBA'S COMMENTS TO COMMITTEE OF WHOLE ON RANGE OF POSSIBLE FINANCING MECHANISMS WHICH CONFERENCE SHOULD CONSIDER. HE URGED NEED TO REACH AGREEMENT HERE ON ONE OR A COMBINATION. DISCUSSIONS BEGINNING WITHIN WEO AND OTHER REGIONAL GROUPS, POSSIBLY LEADING TO SINGLE, REGIONALLY-BALANCED WORKING GROUP NEXT WEEK.

2. NEITHER U.S. DEL, NOR SEVERAL WEO ALLIES CONTACTED, BELIEVE DEFINITIVE FINAL DECISION WILL BE APPROVED BY CONFERENCE. U.D. DEL WOULD APPRECIATE, AS AN AID IN ITS DISCUSSIONS AND FORMULATION OF POSITIONS, DEPARTMENT'S PRELIMINARY VIEWS ON THE RELATIVE MERITS OF THE OPTIONS PRESENTED BELOW, PLUS ANY OTHER GUIDANCE, NOTE FIRST SECTION DEALS ALSO WITH INSTITUTIONAL ARRANGEMENTS.

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3. BEGIN TOLBA COMMENTS.

(DRAFT PLAN OF ACTION)

"IT/ALSO RECOMMENDED THAT A SMALL NUMBER OF HIGHLY QUALIFIED STAFF BE DRAWN PARTLY FROM THE UNITED NATIONS SYSTEM, WHICH COULD PARTLY BE FUNDED FROM THE FUND OF UNEP AND PROBABLY BY UNDP. THIS UNIT WOULD SERVICE BOTH ECB AND THE TECHNICAL ADVISORY COUNCIL GROUP. THIS SMALL

GROUP OF STAFF (PERHAPS 10 PROFESSIONALS, COMPARABLE IN SIZE TO THE CONFERENCE SECRETARIAT) AND AN ANNUAL MEETING OF THE ADVISORY COUNCIL WOULD COST AROUND \$500,000 A YEAR.

"THE OTHER SIDE OF THE COIN IS INTERNATIONAL FINANCIAL RESOURCES. ADDITIONAL FINANCIAL RESOURCES NEED TO BE MADE AVAILABLE FOR THE IMPLEMENTATION OF THE PLAN OF ACTION IF WE ARE TO ACHIEVE THE GLOBAL OBJECTIVE OF HALTING DESERTIFICATION BY THE YEAR 2000.

"ANY PROPOSED SCHMES FOR FINANCING THE INTERNATIONAL PLAN OF ACTION MUST BE EVALUATED IN TERMS OF A SET OF CRITERIA RELATED TO EQUITY, DURABILITY, ADEQUACY AND WORKABILITY.

"THE DOCUMENT CONTAINING THE DRAFT PLAN OF ACTION IS A SUBSTANTIVE STATEMENT OF POLICY FOR DISCUSSION AND ADOPTION. THE IMPLEMENTATION OF THE PLAN AND ARRANGEMENTS FOR THE FOLLOW-UP OF THAT IMPLEMENTATION REQUIRE DECISION BY THE CONFERENCE ITSELF AND CANNOT BE PASSED ON TO ANOTHER DECISION-MAKING FORUM. THE FINANCIAL CONSEQUENCES OF THE PLAN RAISES ISSUES WHICH MUST BE SETTLED HERE.

"THE FIRST TASK IS TO DETERMINE THE QUANTITIES OF RE-SOURCES THAT COULD BE EXPECTED FROM THE GOVERMENTS
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CONCERNED, AIDED AND ASSISTED BY CONTRIBUTIONS FROM THE INTERNATIONAL COMMUNITY. A NUMBER OF PATTERNS FOR FINANCING THE IMPLEMENTATION OF THE PLAN OF ACTION CAN BE CONSIDERED. THEY INCLUDED.

-BILATERAL FINACNING, THROUGH AGREEMENTS REACHED BETWEEN GROUPS OF COUNTRIES.

-THE "MULTI-BI" SYSTEM, AND ARRANGEMENT BY WHICH BI-LATERAL ASSISTANCE PROGRAMMES PROVIDE ASSISTANCE UNDER MULTILATERAL AEGIS THAT IS TO SAY E.G. WITH A SPECIALIZED AGENCY OF THE UNITED NATIONS AS THE EXECUTING AGENCY.

-THE CONSORTIUM APPROACH, IN WHICH DONOR COUNTRIES FORM A CONSORTIUM TO FINANCE SPECIFIC PROGRAMMES ON THEIR MERITS.

-SINCE ACTION AGAINST DESERTIFICATION SEEMS TO BE ECONOMICALLY JUSTIFIED, PROGRAMMES MIGHT BE FINANCED BY LONG-TERM? LOW-INTEREST LOANS.

"HOWEVER, IF THIS IS THE ONLY OR THE PREDOMINANT SOURCE,

THE TOTAL AMOUNT OF RESOURCES AVAILABLE FOR THE PLAN OF ACTION IS LIKELY TO BE LIMITED, BECAUSE:

(A) THERE ARE A NUMBER OF DESERT COUNTRIES, WHERE OIL RESOURCES ARE HIGH, BILATERAL AID IS ALMOST NON-EXISTENT.

(B) COUNTRIES WITH SMALL POPULATIONS, AND LIMITED STRATEGIC VALUE, ARE NOT NORMALLY RECEIVING ENOUGH BILATERAL ASSISTANCE EXCEPT IN CASES OF SPECIAL EMERGENCIES.

(C) THERE ARE COUNTRIES WHICH HAVE DESERTICATION PROJECTS BUT WHERE THIS PROBLEM DOES NOT COME HIGH ON UNCLASSIFIED

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PRIORITY NEEDS OF DEVELOPMENT.

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TRSE-00 OMB-01 /147 W

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FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC IMMEDIATE 1028

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FROM USDEL

"ONE FINANCING MECHANISM WHICH NEEDS TO BE EXAMINED
RELATES TO THE RESOURCES AVAILABLE FOR ANTI-DESERTIFICATION

PROJECTS WITHIN THE UNITED NATIONS BODIES AND AGENCIES.
IN ONE OF ITS RECOMMENDATIONS, THE PLAN OF ACTION
URGES UNITED NATIONS AGENCIES TO MAKE SUITABLE
PROVISIONS AND ALLOCATION IN THEIR PROGRAMMES FOR INTER-
NATIONAL ACTION TO COMBAT THE SPREAD OF DESERTS.

"EXISTING RESOURCES DEVOTED TO DESERTIFICATION AND RE-
LATED PROJECTS (WATER SUPPLY PROGRAMMES, REAFFORE-
STATION, LAND RECLAMATION, PROPER AGRICULTURAL PRACTICES,
CURBING THE EXPANSION OF ARID ZONES, ETC) COME FROM:

- UNDP COUNTRY PROGRAMMES;
- FAO PROJECTS, SUCH AS, EMASAR;
- UNESCO PROJECTS, SUCH AS, MAB AND IPAL;

- WORLD BANK SUPPORT OF AGRICULTURAL PROJECTS;

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-UNEP PROGRAMMES ETC.

"IT IS POSSIBLE TO ENVISAGE A RE-AFFIRMATION OF INTEREST
BY ALL THESE AND OTHER UNITED NATIONS BODIES IN SUCH
ACTIVITIES IN THE FORM OF SUPPORT FOR THE PLAN OF ACTION.
"THROUGH GROUP APPROACHES OF DONOR COUNTRIES AND THROUGH
RE-ORIENTATION OF RESOURCES WITHIN THE UNITED NATIONS
SYSTEM TO WHICH MAY BE ADDED FUNDS IN TRUST OFFERED BY
DONOR COUNTRIES TO ONE OR THE OTHER OF THE UNITED
NATIONS ORGANIZATIONS AND EAR-MARKED FOR COMBATING
DESERTIFICATION, THE TOTAL AMOUNTS INVOLVED WOULD CER-
TAINLY BE INCREASED, BUT QUESTIONS WOULD STILL REMAIN
ABOUT:

- THE ADEQUACY;
- THE AUTOMATICITY; AND
- THE RESPONSIBILITY (I.E. THE SENSE OF COMMITMENT)
OF THE RESOURCES AVAILABLE.

"IT IS, THUS, WORTHWHILE TO EXAMINE AND EVALUATE ALSO
FINANCIAL ARRANGEMENTS OF THE NATURE OF INTERNATIONAL
TAXATION WHICH SATISFY THE ESSENTIAL REQUIREMENTS OF
FISCAL MEASURES, NAMELY, EQUITY AND WORKABILITY.

"AN ELEMENT OF AUTOMATICITY COULD BE INTRODUCED INTO
THE FUNDING OF THE PLAN OF ACTION WITHOUT PLACING TOO
HEAVY A BURDEN ON ANY GROUP OF COUNTRIES:

A: FROM CONSUMERS IN THE DEVELOPED COUNTRIES (WHO
ARE THE MAIN CONSUMERS) THROUGH THE RECOVERY OF 0.1 PER
CENT OF THE PRICE OF DESERT PRODUCTS (OIL, MINERALS,
SANDS, ETC) IN THE FORM OF A VALUE ADDED TAX, AND

B: FROM USERS OF MACHINERY IN THE PRODUCTIVE PRO-
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CESSSES IN THE DESERT AREAS (DRILLING OF OIL WELLS,
MINING, BUILDING OF ROADS) THROUGH THE RECOVERY OF
0.1 PER CENT OF THE PRICE IN THE FORM ALSO OF A VALUE
ADDED TAX.

"THE TOTAL FUNDS SO REALIZED (APPROXIMATELY \$450 MILLION
PER YEAR) ARE TO BE DISBURSED TO DIFFERENT COUNTRIES
TO COMBAT DESERTICATION ACCORDING TO CERTAIN CRITERIA:

(I) COUNTRIES SUFFERING FROM DESERTICATION AND ALLOCATING
A REASONABLE PERCENTAGE OF ITS NATIONAL BUDGET TO
COMBATING IT;

(II) COUNTRIES SUFFERING FROM THE HIGHEST RISKS OF
DESERTICATION;

(III) COUNTRIES WITH PROPOSALS FOR URGENTLY NEEDED
INFRA-STRUCTURE AND PILOT PROJECTS TO FIGHT DESERTIFI-
CATION; OR

(IV) COUNTRIES WITH RESEARCH PROJECTS IN AREAS WHERE
FIRST KNOWLEDGE IS CLEARLY INADEQUATE.

"THERE IS MUCH TO COMMEND SUCH A FINANCIAL MECHANISM.
IT ALLOWS FOR AN DQUITABLE SHARING OF BURDENS BETWEEN
THE DEVELOPED AND THE DEVELOPING WORLDS FOR WHAT IS
UNDOUBTEDLY A 'GLOBAL' PROBLEM. IT ALSO GUARANTEES
AN ELEMENT OF AUTOMATICITY IN THE FLOW OF FUNDS WHICH
IS ESSENTIAL FOR THE EFFECTIVE, PHASED AND UNINTER-
RUPTED IMPLEMENTATION OF THE PLAN OF ACTION. THESE
ARE CRITICAL BENEFITS WHOSE IMPORTANCE MUST NOT BE
MINIMIZED OR, OTHERWISE, DOWNGRADED."
END TOLBA COMMENTS.
LE MELLE

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition History: n/a
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